

RESOLUTION NO. 2020-47

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, APPROVING AND AUTHORIZING THE CREATION OF A EMERGENCY SMALL BUSINESS LOAN PROGRAM IN PARTNERSHIP WITH THE SMALL BUSINESS DEVELOPMENT CENTER AND MAIN STREET LAUNCH CDFI.

THE CITY COUNCIL OF THE CITY OF COSTA MESA DOES HEREBY DECLARE AND FIND AS FOLLOWS:

WHEREAS, on March 12, 2020, the City declared a local state of emergency over the spread of the COVID-19 virus, and on March 19, 2020, the State of California issued orders requiring households to shelter-in-place and the closure of nonessential businesses, thus impacting the revenues of many Costa Mesa businesses and the economic stability of such businesses; and

WHEREAS, the forced closure has extended four times longer than the average cashflow reserves that a typical small business can support; and

WHEREAS, existing federal loan programs are not able to assist all businesses and much of the funding for these programs have already been exhausted; and

WHEREAS, the City of Costa Mesa participates in the United States Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) Program; and

WHEREAS, the City has received an award letter from HUD of \$668,000 for CDBG CV funds specifically meant to reduce adverse impacts from the COVID-19 pandemic; and

WHEREAS, the City can use these funds for economic development, but still must seek final guidance from HUD on the use of CDBG CV funds; and

WHEREAS, the federal regulations (Title 24 Code of Federal Regulations Part 91) delineate the required content of the Consolidated Plan, including an annual application and expenditure plan for CDBG and HOME funds, known as the annual action plan; and

WHEREAS, should the City desire to use these funds for an Emergency Small Business Loan Program, the City would be required to amend the CDBG 2019/2020 annual action plan to include \$250,000 dollars to be used for such purposes; and

WHEREAS, the City desires to create a small business loan program to ameliorate the effects of the COVID-19 Emergency on the City's small businesses; and

WHEREAS, the City does not have the staff resources to promote, manage, issue, or audit loans that a loan program would require, such that partnerships with established private entities would be necessary to implement such a program; and

WHEREAS, the Small Business Development Center (SBDC) and Main Street Launch, a Community Development Financial Institution (CDFI) have demonstrated their experience in working with municipalities and small businesses across California for the successful creation and implementation of such programs; and

WHEREAS, the City desires to create the Costa Mesa Emergency Small Business Loan Program in partnership with SBDC and Main Street Launch CDFI.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Costa Mesa as follows:

1. The City Council approves the creation of the Costa Mesa Emergency Small Business Loan Program in partnership with SBDC and Main Street Launch CDFI.
2. The City Council authorizes the City Manager to execute an agreement, in a form approved by the City Attorney, with Main Street Launch CDFI with a total cost cap of 15% of deployed capital as an administrative fee for the complete management of the initial deployment of the funds in response to the COVID-19 Emergency and negotiate an appropriate interest rate for an ongoing Emergency Small Business Loan Program for the administration cost of future loan deployments.
3. The City Manager is directed to work with HUD and the US Economic Development Agency representatives to apply for funding options for the Emergency Small Business Loan Program from the CARES ACT.
4. The City Council approves an allocation of \$250,000 to fund the creation of the Emergency Small Business Loan Program from General Fund and/or CARES ACT monies.

5. The City Council approves the establishment of a donation platform managed by Main Street Launch CDFI, in a form approved by the City Manager and City Attorney, to receive non-City funds to boost the total fund amount.

PASSED AND ADOPTED this 19th day of May, 2020.



Katrina Foley, Mayor

ATTEST:

APPROVED AS TO FORM:



Brenda Green, City Clerk



Kimberly Hall Barlow, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

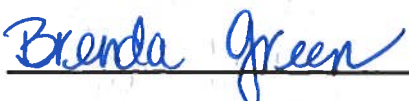
I, BRENDA GREEN, City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that the above and foregoing is the original of Resolution No. 2020-47 and was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 19th day of May 2020, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS: CHAVEZ, GENIS, MARR, REYNOLDS, STEPHENS,
AND FOLEY

NOES: COUNCIL MEMBERS: MANSOOR

ABSENT: COUNCIL MEMBERS: NONE

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this 20th day of May 2020.



BRENDA GREEN, CITY CLERK